



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

Internal Controls and Transportation Associated With the Springfield, MA Mail Transport Equipment Service Center

Report Number NO-AR-14-001

BACKGROUND:

The mail transport equipment service center (MTE SC) network consists of 15 contractor-operated centers that handle, supply, and transport mail transport equipment (MTE) — such as pallets, trays, and tubs — to mail processing facilities and U.S. Postal Service customers. The Springfield, MA MTE SC serves 37 facilities and mailers in the Northeast Area, costing about [REDACTED] annually. Our objective was to assess the internal controls and dedicated transportation activities associated with the Springfield MTE SC.

WHAT THE OIG FOUND:

The Postal Service could improve controls over MTE operations and transportation at the Springfield MTE SC and associated processing facilities. Management did not have comprehensive controls over contractor processing, invoicing, repairing, and handling of MTE and lacked sufficient resources to monitor contractor performance. Further, the Springfield MTE SC did not provide adequate security over its operations. In addition, some processing facilities were violating MTE policies by sending non-MTE and improper MTE to the Springfield MTE SC. Also, some facilities were not inspecting MTE for mail before sending it to the Springfield MTE SC. This occurred because the Postal Service did not provide sufficient resources to ensure compliance with its policies and

procedures. Due to a reduced workforce, facilities were forced to prioritize the processing of mail over managing MTE. Finally, we found that management needs to reassess the efficiency of MTE-related transportation. We identified many cancellations and additions of MTE transportation that occurred because of ongoing operational changes in the processing network.

We estimate the Postal Service incurred about \$932,000 and \$972,000 in unnecessary costs in fiscal years 2011 and 2012, respectively, and could avoid about \$952,000 annually by providing adequate oversight and ensuring compliance with its policies and procedures.

WHAT THE OIG RECOMMENDED:

We recommended the vice presidents, Network Operations and Supply Management, establish adequate controls over contractor performance and ensure there is adequate security. We also recommended the vice president, Northeast Area, ensure compliance with MTE policies for handling and transporting MTE. Finally, we recommended management reassess MTE and transportation requirements to ensure efficiency.